

# **AUSMON RESOURCES LIMITED AND CONTROLLED ENTITY**

**ABN 88 134 358 964**

**Half-Year Financial Report  
31 December 2012**

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## CORPORATE DIRECTORY

### Directors

King M Fan – Executive Chairman  
John Q Wang – Finance Director  
Gang (Gary) Zheng – Projects Director

### Company Secretary

John Q Wang

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### Website

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### Share Registry

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Sydney NSW 2000  
Telephone: 61 2 9290 9600  
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### Home Stock Exchange

ASX Limited  
20 Bridge St  
Sydney NSW 2000

ASX Codes: AOA (shares)  
AOAO (options)

### Solicitors

Piper Alderman  
Level 23, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

### Auditors

Grant Thornton Audit Pty Ltd  
Level 17  
383 Kent Street  
Sydney NSW 2000

## REVIEW OF OPERATIONS

### Summary

- Prospecting and anomaly follow-up on Koonenberry ELs 6400, 6464, and 6424 and the gravity survey over Koonenberry EL 6424 (covers the Wertago copper diggings and Nutherungie silverfield) are planned for second half of financial year 2013.
- Work on Cumnock EL 6417, near Orange was minimised due to cropping issues. The Gumble sub-area remains a prime target for skarn-type Cu-Zn-Sn-Ag deposits.
- Seeking farm-in partners for Cobar ELs 6413 & 7564 (Pooraka) and EL 6416 (Mt Barrow) which contain drill ready gold and base metal targets.
- All shares held in Premium Exploration Inc, have been sold on market for cash to be utilized to fund working capital and exploration in Australia.

### ACTIVITIES IN THE KOONENBERRY BELT – Copper (Zinc) and Gold Exploration

#### ***ELs 6400, 6424, 6464 and 7691 - NSW (100%)***

The Company holds a 100% interest in 4 ELs covering a total area of 639 sq kms in the highly prospective and under-explored Koonenberry Belt in Western NSW, near Broken Hill.

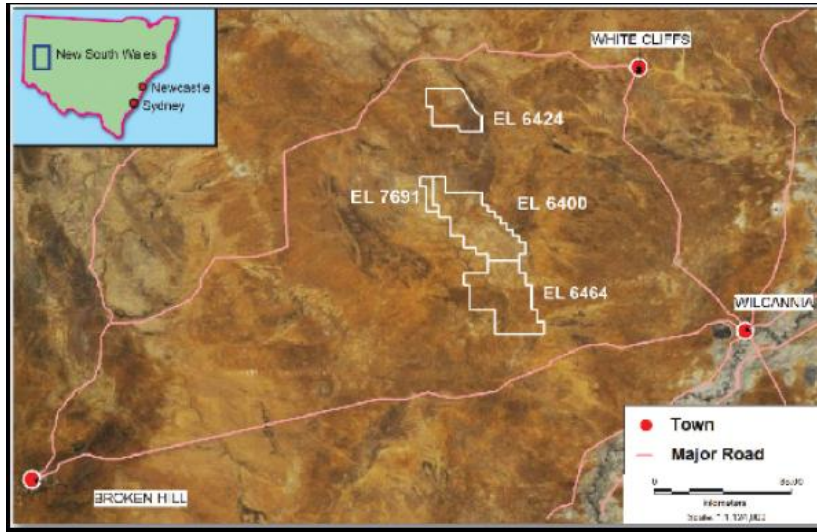
In late 2011, a detailed (1:1000 scale) fault delineation and lithological mapping led to the discovery of a new, south-east displaced, fault bounded slice of the line of lode, roughly one kilometre north of the Company's June 2011 drilling area. Lithological, fault line, and aeromagnetic evidence also pointed to further extensions to the west-north-west. Mapping and prospecting continued to locate new features, including narrow, late stage, cross-cutting veins exhibiting at surface as silicified ironstones. Portable XRF (Niton) field testing of these however detected the presence of Cu and Zn, as is also the case on Grasmere-Peveril line of lode.

The lode is considered to be structurally controlled, along a major fault, however given the highly deformed and altered nature of the host rocks, primary features may have been largely or entirely obliterated, which means a re-constituted Cyprus-type VMS seafloor origin cannot be ruled out. Microscopic studies have shown that higher grade Cu zones (shoots) are primary in nature, and not caused by near surface supergene enrichment. Lode extensions to the west-north-west now need to be more precisely located by mapping, and, where required, bedrock (air core) sampling. Potential lodes will then need to be tested by RC percussion and diamond drilling. The aim will be to confirm continuity, thicknesses and Cu contents of lodes to the west-north-west.

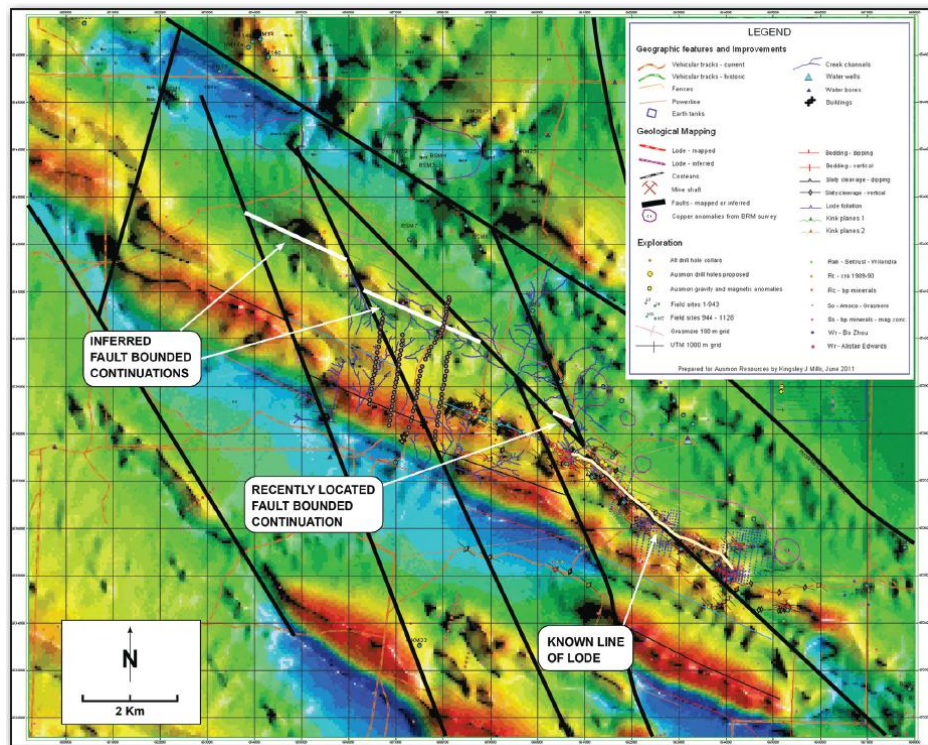
A detailed (170 or 340 station) gravity survey is planned within EL 6424 which covers the Wertago copper diggings and the Nutherungie silverfield. The latter is considered to be the epithermal cap above a possible deeper porphyry Cu system, and gravity data are required to hone deep drill targets.

EL 7691 (9 units) expired on 20 January, 2013, and were relinquished due to lack of prospectivity. EL 6400 will expire at the end of March 2013, and the plan is to seek renewal with 50% area reduction. EL 6424 expires on 26 May 2013, and the plan is to seek renewal with 50% area reduction. EL 6464 expires on 18 September, 2013 and decision on its renewal will be made closer to that date.

The field work in the Koonenberry project is planned for second half of financial year 2013 subject to weather permitting access.



**Figure 1 - Location map of Koonenberry Exploration Licences**



**Figure 2 - EL 6400 – Probable WNW Extension to Grasmere Peverill Line of Lode**

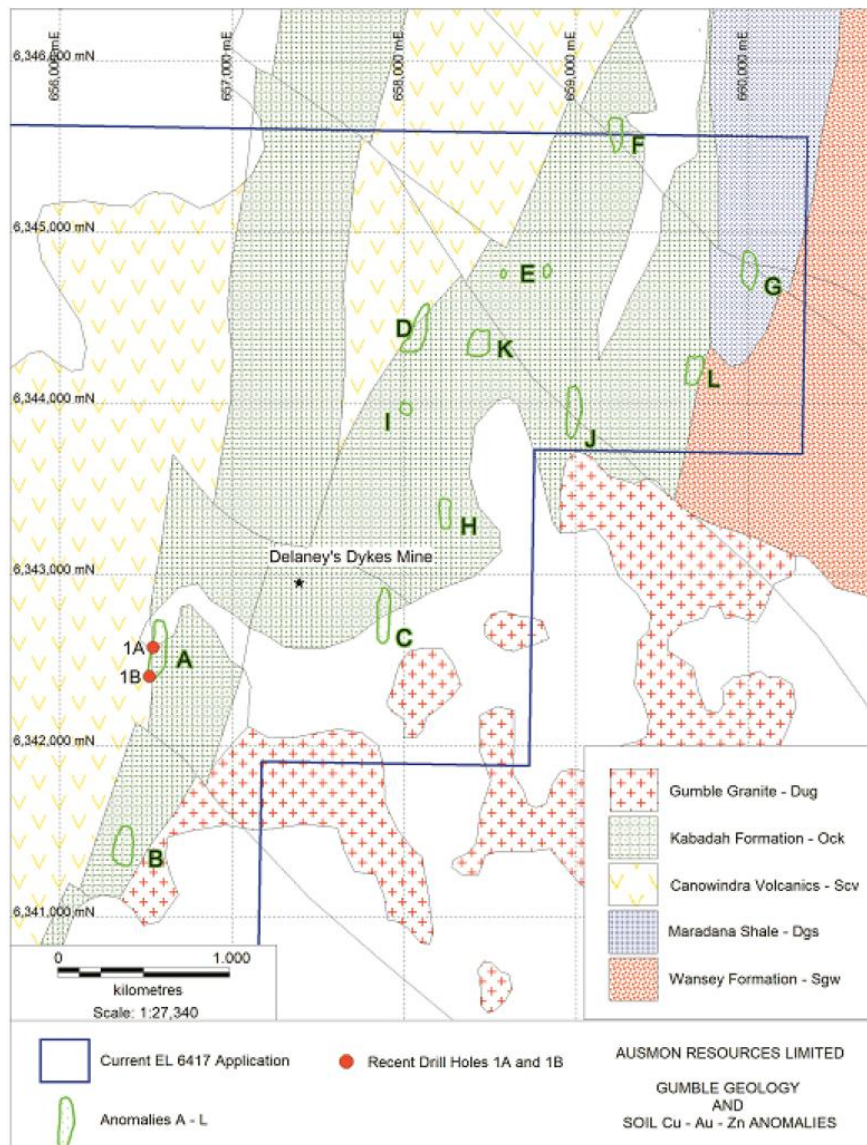
## ACTIVITIES NEAR ORANGE- Gold, Silver and Base Metal Exploration EL 6417-Cumnock- NSW (100%)

Drilling in prior periods considerably upgraded the potential of the Gumble sub-area within EL 6417. In particular “Anomaly A” (2 RC holes drilled in August 2011) was noted to be part of an extensive skarn system (caused by mineralising fluids from granitic intrusions reacting with limestones and associated host rocks) which is evident over 500+ metres. Elements concentrated are the same as those known in the nearby (historic) Delaney’s Dyke mine i.e.



Cu, Zn, Ag-Au, and Sn. Another 11 similar anomalies, labeled B to L, remain to be tested by RC percussion drilling—see Figure 3. Most targets occur within the prospective Kabadah Formation.

EL 6417 is due for renewal, with 50% area reduction on 15 May 2013. Retained blocks will include those containing anomalies A to L.

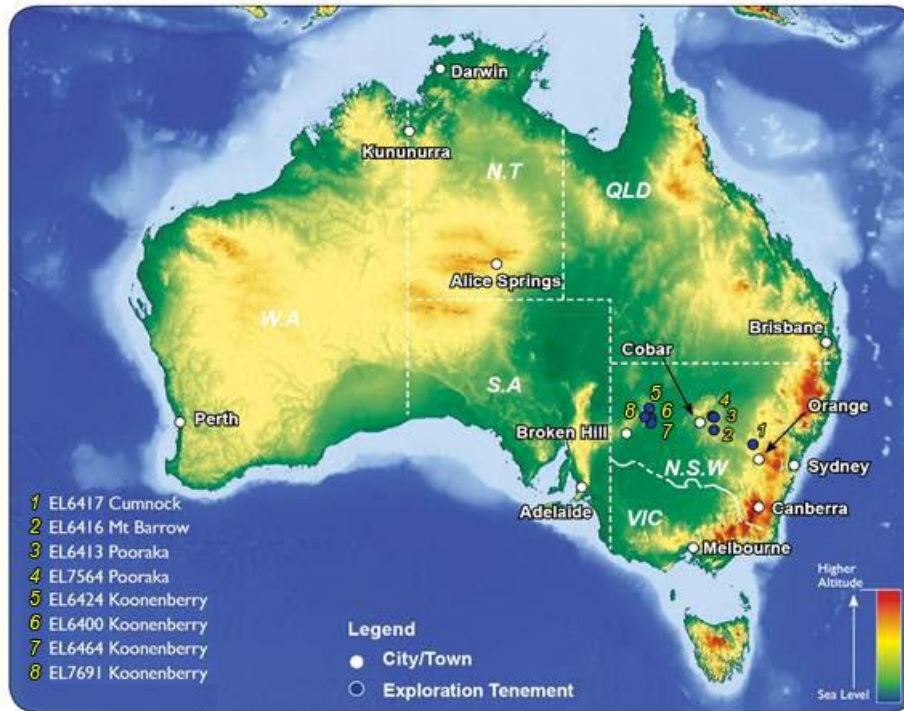


**Figure 3 – EL 6417 - Gumble Geology and Soil Cu-Au-Zn Anomalies**

### ACTIVITIES NEAR COBAR - Gold, Silver and Base Metal Exploration ELs 6413 and 7564, and EL 6416 – NSW (100%)

Cobar ELs 6413 & 7564 (Pooraka) and EL 6416 (Mt Barrow) contain drill ready gold and base metal targets based on the Company's prior periods' exploration work. The Company is currently seeking joint venture partners to participate in funding a drilling program planned for the second half of financial year 2013.

Renewal with 50% reduction for EL 7564 was submitted in June 2012, and ELs 6413 and 6416 are due for renewal with 50% area reduction on 15 May 2013.



### Licence Locations in New South Wales, Australia

*The information in the report above that relates to Exploration Results is based on information compiled by Dr Pieter Moeskops, the principal of Agaiva Holdings Pty Ltd and a member of The Australasian Institute of Mining and Metallurgy.*

*Dr Moeskops has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Moeskops consents to the inclusion in this report of matters based on his information in the form and context in which it appears.)*

### INVESTMENT IN ADVANCED GOLD EXPLORATION PROJECT - IDAHO, USA **Premium Exploration Inc. ("PEM")**

Since 2010, the Company has invested in PEM which is focused on gold exploration at its district-sized land package along the Orogrande Shear Zone ("OSZ") in North-Central Idaho, USA. The "OSZ" is a +30 km regionally-significant structure with multiple known zones of gold mineralization.

During the half year the Company has disposed of all its remaining share holdings in PEM on market for cash amounting to \$517,173 to fund working capital and to focus on its Australian and new projects.

### NEW PROJECTS

During the half year the Company continued to pursue new projects for investment with cornerstone partners in China with the objective to spur growth and generate income.

In November 2011, the Company announced its agreement with Jiangsu Datang International Jintan ("Jiangsu") setting out the framework for the parties to jointly develop a

gas-fired thermoelectric co-generation power project ("Jintan Project") in Jiangsu Province in China to supply power to the Jintan Economic Development Zone. It was intended that the Company participates as a minority partner in the total Jintan Project with the percentage of equity yet to be determined.

The Jintan Project consists of the construction in two phases of a 1,200 MW gas-fired thermoelectric co-generation power plant. The Jintan Project also includes the construction of a natural gas pipeline to transport gas from the supplier to the power plant.

No material financial commitment has been made by the Company to date and the agreement is subject to condition precedents to be achieved before proceeding to a transaction. The conditions precedent are the securing of supply of gas for the Jintan Project under applicable quotas in China and obtaining government approvals applicable for this type of project. Progression of implementation of the agreement will also be subject to Australian Securities Exchange's consideration of applicable Listing Rules, including Listing Rule 11.1.

The Jintan Project has progressed very slowly and is not at a stage for further reports. The other projects considered by the Company have not proceeded to a transaction.

## **Glossary**

Ag - silver	g/t - gram per tonne
Au - gold	km - kilometre
As - arsenic	m - metre
Cu - copper	ppb - parts per billion
O <sub>2</sub> - oxide	ppm - parts per million
Pb - lead	
Sn - tin	
Zn - zinc	



## **DIRECTORS' REPORT**

The Directors of Ausmon Resources Limited submit the financial report of the consolidated group for the half-year ended 31 December 2012.

### **Directors**

The names of Directors who held office during or since the end of the half-year are:

King M Fan  
John Q Wang  
Gang (Gary) Zheng

### **Operating Results**

Total comprehensive income for the half-year ended 31 December 2012 was a loss \$372,765 (2011: loss \$3,042,443)

### **Review of Operations**

A review of operations for the half-year ended 31 December 2012 is set out on pages 3 to 7.

### **Auditor's Independence Declaration**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 9, and forms part of this report.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'KMF', with a stylized, overlapping design.

King M Fan  
Chairman

Dated this 13<sup>th</sup> day of March 2013

## AUDITOR'S INDEPENDENCE DECLARATION



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### **Auditor's Independence Declaration To The Directors of Ausmon Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Ausmon Resources Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'Grant Thornton'.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to be 'C F Farley'.

C F Farley  
Partner - Audit & Assurance

Sydney, 13 March 2013

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## INDEPENDENT AUDITOR'S REVIEW REPORT



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### **Independent Auditor's Review Report To the Members of Ausmon Resources Limited**

We have reviewed the accompanying half-year financial report of Ausmon Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Ausmon Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Ausmon Resources Limited consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Ausmon Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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## INDEPENDENT AUDITOR'S REVIEW REPORT continued



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ausmon Resources Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

### **Material uncertainty regarding continuation as a going concern**

Without qualification to the conclusion expressed above, we draw attention to Note 1 in the half year financial report. Note 1 indicates that the Company's ability to continue as a going concern and meet its commitments as and when they fall due is dependent upon future successful capital raisings, and in particular through the proposed private placement of 19.9% of the listed shares of the Company which is subject to a number of conditions. These conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to be "C F Farley".

C F Farley

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 13 to 20 are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standards AASB 134: Interim Financial Reporting; and
  - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'King M Fan', written in a stylized, cursive manner.

King M Fan  
Chairman

Dated this 13<sup>th</sup> day of March 2013

## Consolidated Statement of Comprehensive Income

### For The Half-Year Ended 31 December 2012

	Note	31 December 2012 \$	31 December 2011 \$
<b>Revenue from continuing operations</b>			
Interest income		1,734	9,884
		<u>1,734</u>	<u>9,884</u>
<b>Expenses</b>			
Depreciation expense		(4,242)	(6,011)
Employee benefits expense		(32,635)	(61,575)
Projects written off	2 (b)	(267,431)	-
Other expenses	2 (a)	(120,792)	(731,994)
		<u>(423,366)</u>	<u>(789,696)</u>
<b>Loss before income tax expense</b>		(423,366)	(789,696)
Income tax expense		-	-
<b>Loss for the period</b>		<u>(423,366)</u>	<u>(789,696)</u>
<b>Other comprehensive income/(loss)</b>			
Unrealised fair value loss on financial assets at fair value through other comprehensive income, net of tax		-	(2,105,218)
Realised fair value gain/(loss) on financial assets at fair value through other comprehensive income		50,601	(147,529)
		<u>50,601</u>	<u>(147,529)</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>		50,601	(2,252,747)
		<u>50,601</u>	<u>(2,252,747)</u>
<b>Total comprehensive loss for the period</b>		<u>(372,765)</u>	<u>(3,042,443)</u>
<b>Loss attributable to:</b>			
- members of the Parent Entity		(423,366)	(789,696)
		<u>(423,366)</u>	<u>(789,696)</u>
<b>Total comprehensive loss attributable to:</b>			
- members of the Parent Entity		(372,765)	(3,042,443)
		<u>(372,765)</u>	<u>(3,042,443)</u>
<b>Earnings per share</b>			
Basic and diluted ( loss) earnings per share		(0.57)cents	(1.01)cents
		<u>(0.57)cents</u>	<u>(1.01)cents</u>

*The accompanying notes form part of this financial report.*



# Consolidated Statement of Financial Position

As At 31 December 2012

	Note	31 December 2012 \$	30 June 2012 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		404,627	112,252
Trade and other receivables		21,994	59,685
Financial assets	4	-	466,572
<b>TOTAL CURRENT ASSETS</b>		<b>426,621</b>	<b>638,509</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets		80,000	10,000
Plant and equipment		10,365	14,607
Exploration and evaluation expenditure	2	2,745,547	2,995,399
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,835,912</b>	<b>3,020,006</b>
<b>TOTAL ASSETS</b>		<b>3,262,533</b>	<b>3,658,515</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		37,468	60,004
Provisions		9,997	10,678
<b>TOTAL CURRENT LIABILITIES</b>		<b>47,465</b>	<b>70,682</b>
<b>TOTAL LIABILITIES</b>		<b>47,465</b>	<b>70,682</b>
<b>NET ASSETS</b>		<b>3,215,068</b>	<b>3,587,833</b>
<b>EQUITY</b>			
Issued capital		9,517,076	9,517,076
Reserves		148,140	(1,895,331)
Retained profits		(6,450,148)	(4,033,912)
<b>TOTAL EQUITY</b>		<b>3,215,068</b>	<b>3,587,833</b>

*The accompanying notes form part of this financial report.*

# **Consolidated Statement of Changes In Equity** **For The Half-Year Ended 31 December 2012**

	Reserves				
	Issued capital	Option reserve	Asset revaluation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2011</b>	8,893,076	47,540	681,590	(2,838,022)	6,784,184
Total comprehensive loss for the period	-	-	(2,252,747)	(789,696)	(3,042,443)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the period	624,000	-	-	-	624,000
Share options issued under Employee Incentive Plan during the period	-	100,600	-	-	100,600
<b>Balance at 31 December 2011</b>	<u>9,517,076</u>	<u>148,140</u>	<u>(1,571,157)</u>	<u>(3,627,718)</u>	<u>4,466,341</u>
 <b>Balance at 1 July 2012</b>	 9,517,076	 148,140	 (2,043,471)	 (4,033,912)	 3,587,833
<b>Total comprehensive income for the period</b>	-	-	50,601	(423,366)	(372,765)
<b>Transactions with owners in their capacity as owners</b>					
Asset revaluation reserve transferred to accumulated losses	-	-	1,992,870	(1,992,870)	-
<b>Balance at 31 December 2012</b>	<u>9,517,076</u>	<u>148,140</u>	<u>-</u>	<u>(6,450,148)</u>	<u>3,215,068</u>

*The accompanying notes form part of this financial report.*

# **Consolidated Statement of Cash Flows** **For the Half-Year Ended 31 December 2012**

	<b>31 December 2012</b>	<b>31 December 2011</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(167,445)	(473,457)
Interest received	1,734	10,327
<b>Net cash used in operating activities</b>	<u>(165,711)</u>	<u>(463,130)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation expenditure	(19,087)	(346,543)
Proceeds from sale of available-for-sale financial assets	517,173	1,114,752
Proceeds from refund of security deposits	10,000	20,515
Payments for security deposits	(50,000)	(30,000)
<b>Net cash used in investing activities</b>	<u>458,086</u>	<u>758,724</u>
<b>Net increase in cash held</b>	292,375	295,594
Cash and cash equivalents at the beginning of period	112,252	230,284
<b>Cash and cash equivalents at the end of period</b>	<u>404,627</u>	<u>525,878</u>

*The accompanying notes form part of this financial report.*

## **Notes to Financial Statements For the Half-Year Ended 31 December 2012 (continued)**

### **Note 1 - Basis of Preparation**

These general purpose financial statements for the six months ended 31 December 2012 are presented in Australian dollar (\$), which is the functional currency of the parent company. The interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Ausmon Resources Limited and its controlled entity (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The interim financial statements have been approved and authorised for issue by the board of Directors on 13 March 2013.

### **Reporting Basis and Conventions**

The half-year report has been prepared on an accruals basis and is based on historical costs.

### **Going concern**

There is a material uncertainty whether the Group will continue as a going concern and realise the value of its assets in the normal course of business and at the amounts stated in the financial report. The continuing viability of the Group and its ability to continue as a going concern and meet its commitments as and when they fall due is dependent upon the successful capital raising of the Group.

At balance date the Group has current assets of \$426,621 and current liabilities of \$47,465. The Directors believe the Group has sufficient funds to settle its debts as and when they become due and payable. The Directors are waiting for a share subscription from an investor in China for 19.9% of the issued capital of the Company for a cash consideration of RMB 10 million (approximately A\$1,571,191 at the rate of exchange prevailing at the date of this report). The transfer of funds, expected at the end of March 2013, by the investor for that investment in Australia will be subject to regulations prevailing in China. The Company has the capacity to issue 15% of its issued capital without shareholder approval and the balance of 4.9% will be subject to shareholder approval under the Listing Rules of the Australian Securities Exchange.

On that basis the Directors have prepared the interim financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the interim financial report at 31 December 2012. Accordingly, no adjustments have been made to the interim financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**Notes to Financial Statements For the Half-Year Ended 31 December 2012 (continued)****Note 2 (a) – Other expenses from ordinary activities**

	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>\$</b>	<b>\$</b>
Audit fees	16,867	18,963
Consulting fees	27,472	290,458
Directors fees	-	180,000
Listing expenses	21,460	27,647
Operating leases	24,132	24,586
Registry and ASX fees	6,310	6,971
Share-base payment costs	-	100,600
Travel and accommodation	6,680	48,274
Foreign exchange costs	6,272	-
Other	11,599	34,495
	<hr/> 120,792	<hr/> 731,994

**Note 2 (b) – Projects written off**

The Group has decided to relinquish EL 6416 and EL 7691 at their licence renewal dates on 16 May 2013 and on 20 January 2013 respectively due to an assessed lack of prospectivity. Consequently, the accumulated exploration expenditure of \$188,503 and \$78,928 in each licence respectively has been written off.

**Note 3 – Operating segments**

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group operates in one business segment being mineral exploration. All segments assets, segment liabilities and segment results relate to the one business segment and therefore no segment analysis has been prepared. This position has not changed from the prior period.

**Note 4 – Financial assets**

	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Available-for-sale financial assets, at fair value	-	466,572

During the half year the Group has disposed of the remaining fully paid ordinary shares held in Premium Exploration Inc ("PEM") at fair value of \$517,173 and has recognised a gain of \$50,601 under other comprehensive income. The relevant accumulated losses recognised in Asset Revaluation Reserve of \$1,992,870 were transferred to the Accumulated Losses as a result of the disposal.

**Notes to Financial Statements For the Half-Year Ended 31 December 2012 (continued)**
**Note 5 – Equity securities issued**

	<b>31 December 2012</b>		<b>30 June 2012</b>	
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
<b>(a) Ordinary shares</b>				
Balance at beginning of half-year	74,499,125	9,517,076	71,379,125	8,893,076
Issue of shares during half-year				
Shares issued in payment of fees to consultants	-	-	1,100,000	220,000
Shares issued to directors in payment of outstanding fees	-	-	2,020,000	404,000
Balance at end of half-year	74,499,125	9,517,076	74,499,125	9,517,076

**(b) Options over unissued shares**

	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>Number</b>	<b>Number</b>
<b>Options exercisable at \$0.80 each on or before 30 June 2014:</b>		
<b>Listed</b>		
Balance at beginning of half-year	33,750,000	33,750,000
Balance at end of half-year	33,750,000	33,750,000

**Options exercisable at \$0.25 each on or before 30 June 2013:**
**Unlisted**

Balance at beginning of half-year	1,000,000	1,000,000
Balance at end of half-year	1,000,000	1,000,000
Total at end of half-year	34,750,000	34,750,000

**Note 6 - Commitments**
**Exploration Expenditure Commitments**

The expenditure commitments to maintain and renew rights to tenure in exploration licences as at been provided for in the financial statements and are due:

Within twelve months	430,000	486,500
Twelve months or longer and not longer than 5 years	-	149,500
	430,000	636,000

The Group has obligations to restore land disturbed during exploration under the terms and conditions of the licences.



**Notes to Financial Statements For the Half-Year Ended 31 December 2012 (continued)**

**Note 7 - Contingent Liabilities**

At balance date, the Group has no contingent liabilities.

**Note 8 – Events after Balance Date**

There has not arisen in the interval since 31 December 2012 and up to the date of this report, any matter that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years other than the following:

- a) The Group relinquished EL 7691 when it was due for renewal on 20 January 2013 and has written off \$78,928 of accumulated exploration expenditure for that EL in the profit or loss for the half year ended 31 December 2012.
- b) The Group has decided not to renew EL 6416 when it is due for renewal on 16 May 2013 and has written off \$188,503 of accumulated exploration expenditure for that EL in the profit or loss for the half year ended 31 December 2012
- c) The Company is waiting for a share subscription from an investor in China for 19.9% of the issued capital of the Company for a cash consideration of RMB 10 million (approximately A\$ 1,571,191 at the rate of exchange prevailing at the date of this report). The transfer of funds, expected at the end of March 2013, by the investor for that investment in Australia will be subject to regulations prevailing in China. The Company has the capacity to issue 15% of its issued capital without shareholder approval and the balance of 4.9% will be subject to shareholder approval under the Listing Rules of the Australian Securities Exchange.